UNITED STATES LONG-TERM PORTFOLIO INVESTMENT ABROAD

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I. Introduction

The United States Treasury is responsible for gathering and providing timely and reliable information on the nation's international financial position and on the flows of international portfolio investment. Since the mid 1930s, the Treasury International Capital (TIC) reporting system has collected data on all portfolio capital transactions between the United States and foreign countries and on the level of U.S. portfolio claims and liabilities, other than long-term securities, vis-à-vis the rest of the world.

Since 1974, the Department of the Treasury has conducted surveys every five years to measure the level of foreign portfolio investment in U.S. long-term securities. Currently, it is preparing its fifth benchmark survey of foreign long-term portfolio investment in the United States since 1974. Yet, the last comprehensive benchmark survey of U.S. portfolio investment in foreign long-term securities was conducted more than fifty years ago, in May 1943. [1]

Since the 1943 benchmark survey, technological innovations in the telecommunications and computer industries have radically transformed the world financial system. Moreover, worldwide financial market reforms and liberalized national laws governing the international flow of capital have greatly increased investors' access to capital markets. Based on data from the TIC reporting system, the market value of total transactions — purchases and sales — between U.S. and foreign residents in all long-term securities increased almost *2,000 percent* between 1981 and 1991, from $286.5 billion to $5.7 trillion; the corresponding percentage increase in the market value of total purchases and sales in *foreign* long-term securities alone during this time period was almost *1,600 percent*, from $59.5 billion to $948.6 billion. [2]

Despite the tremendous growth in cross-border transactions in all long-term securities during the 1980s, reliable estimates of the level and composition of U.S. long-term portfolio investment abroad were not available. [3] It had become increasingly difficult for policy makers to gauge the net international financial exposure of the United States based on reported balance of payments statistics, especially reported international capital flows.

Moreover, it is difficult to formulate domestic economic and financial policies, particularly if they are based on unreliable data. Inaccurate estimates of the level of U.S. long-term portfolio investment abroad generate mistaken measurements in the nation's international investment position. Incorrect estimates of the level of U.S. ownership of foreign long-term securities also produce errors in the estimation of U.S. portfolio investment income from abroad, and therefore the nation's current account balance and level of national income. Finally, unreliable estimates of U.S. long-term portfolio claims on non-U.S. residents prohibit verification of data on transactions in foreign securities between U.S. and non-U.S. residents, and therefore the nation's capital account balance. Altogether, these inaccuracies may also contribute to statistical errors and omissions in the nation's overall balance of payments.

In order to improve the reliability, timeliness, and usefulness of information on the level of U.S. long-term portfolio investment abroad, the United States Treasury, in close consultation with the Department of Commerce, the Federal Reserve Board, the Federal Reserve Bank of New York, the Securities and Exchange Commission, other government agencies, and the financial community, undertook a benchmark survey of the magnitude and composition of U.S. ownership of foreign long-term securities.

The proposed survey was implemented to collect as much detailed information as is economically possible on individual, foreign long-term securities — equity and long-term debt — owned by U.S. investors as of March 31, 1994. The statistical results of the planned survey would be used to improve existing estimates of the U.S. international investment position, the nation's current account balance, and the level of national income. The results of the survey would also help to identify potential gaps in the reporting of data on long-term portfolio capital account transactions between U.S. and non-U.S. residents to the TIC reporting system. [4]

This report presents some preliminary conclusions from the survey. [5] In Section II, the methodology for implementing the survey is discussed. In Section III, preliminary estimates of U.S. ownership of foreign equities and long-term debt securities on March 31, 1994 are presented. The distribution of U.S.-owned foreign equities, including U.S. ownership of American Depositary Receipts (ADRs), and long-term debt securities by country of issuer and currency of denomination are also discussed in this section. [6] In Section IV, implications for the United States international investment position, U.S. portfolio investment income from abroad, the U.S. current account, and national income are assessed. Finally, in Section V, the report concludes with some comments on Treasury's plan for the next benchmark survey of U.S. long-term portfolio investment abroad.

II. Survey Methodology

To ensure that the survey would be comprehensive, the survey universe was divided into two groups — custodians and fund managers. Custodians were identified as entities located in the United States who managed the safekeeping of $20 million or more in foreign long-term securities for themselves and/or on behalf of other U.S. persons, aggregated over all accounts, including their own and the accounts of all their affiliates located in the United States, on March 31, 1994. [7]

Fund managers were defined as entities located in the United States who either owned and/or managed the investment in foreign long-term securities on behalf of U.S. institutional or private investors, aggregated over all accounts, including their own and the accounts of all their affiliates in the United States, whose total market value was at least $5 million on March 31, 1994. [8]

To avoid double-counting, two kinds of information were collected — detailed and summary entrustment data. Detailed data were collected from custodians and fund managers located in the United States on those foreign long-term securities whose safekeeping was not entrusted or subcontracted to other custodians or fund managers located in the United States. The detailed data collected from this group of survey respondents were aggregated to obtain survey estimates of the market values of foreign long-term securities owned by U.S. persons by country, industry, and sector of issuer; currency in which issued; depositary status; and security type.

Summary entrustment data were collected from custodians and fund managers located in the United States on those foreign long-term securities whose safekeeping was entrusted or subcontracted to other custodians or fund managers located in the United States. The data collected from this group of survey respondents were used to identify other U.S. custodians and fund managers who could report detailed information on individual foreign long-term securities on the survey.

For the purposes of the survey, foreign long-term securities include all publicly traded and privately placed equity and long-term debt instruments issued by governments, corporations, or other entities located outside the United States, and all international organizations. Equities include all common and preferred shares, subscription rights, and equity warrants; long-term debt securities include all marketable interest bearing or discounted bonds or notes, whose original term-to-maturity from date of issue exceeds one year. In addition, American Depositary Receipts (ADRs) are considered foreign securities. Other depositary receipts, such as Global and International Depositary Receipts, are also considered foreign securities provided the underlying securities are not issued by entities located in the United States. [9]

In all, 3,344 custodians and fund managers participated in the survey. Yet, over 85 percent of the detailed data that was used to compile survey estimates was provided by less than 1.0 percent of the survey universe, primarily banks and brokerage firms operating as global custodians. [10, 11]

III. Survey Results

Aggregate Results

Preliminary estimates based on detailed data collected on the survey reveal that U.S. ownership of foreign long-term securities was $870.3 billion as of March 31, 1994. Of this amount, $566.7 billion, or 65.1 percent, was in the form of equities, and $303.7 billion, or 34.9 percent, was in the form of bonds. [12] Of all the foreign equities owned by U.S. investors, about 23.3 percent, or $132.3 billion, was in the form of American Depositary Receipts (ADRs). With regard to foreign long-term debt, about 58.3 percent of all U.S.-owned foreign bonds, or $177.1 billion, consisted of sovereign and foreign local government debt. The percentage distribution of foreign equities and bonds owned by U.S. investors is illustrated in figure 1.

The chart also implies that approximately 94.1 percent of all foreign equities owned by U.S. investors, or $533.3 billion, was in the form of ordinary shares; the remaining $33.4 billion, or 5.9 percent, was in the form of preferred shares, equity warrants, or composite equities. Similarly, about 89.1 percent of all foreign long-term debt securities owned by U.S. investors, or $270.5 billion, was in the form of ordinary debt; the remaining $33.2 billion, or 10.9 percent, was in the form of convertible, perpetual, zero-coupon, pooled asset-backed, or composite debt instruments. [13]

Survey Results by Security Class

Foreign Equities

As of March 31, 1994, over 85 percent of all U.S. portfolio investment in foreign equities was concentrated in thirteen countries and the grouped Caribbean banking centers of the Bahamas, Bermuda, the British West Indies, the Netherlands Antilles, and Panama. The percentage distribution of foreign equities owned by U.S. investors by county of issuer is shown in figure 2.

The two most popular countries in which U.S. investors own foreign equities are the United Kingdom and Japan.[14] The level of U.S. ownership of all types of equities issued by companies in the United Kingdom reached $99.7 billion on March 31, 1994. Of this amount, over 38 percent, or $38.4 billion, was in the form of ADRs. The corresponding level of U.S. portfolio investment in Japanese equities was $99.4 billion, only 3.6 percent of which, or $3.6 billion, was in the form of ADRs. Together, U.S. ownership of British and Japanese equities represented 35.1 percent of all foreign equities owned by U.S. investors on the benchmark survey date.

Following the United Kingdom and Japan, the next three most significant countries in which U.S. investors own foreign equities are Canada, the Netherlands, and Mexico. U.S. ownership of all types of Canadian equities reached $39.7 billion as of March 31, 1994; the corresponding levels of U.S. portfolio investment in Dutch and Mexican equities were $38.1 billion and $34.7 billion, respectively. All in all, 54.9 percent of all U.S. portfolio investment in foreign equities was directed to the United Kingdom, Japan, Canada, the Netherlands, and Mexico.

Besides ADRs issued against the United Kingdom, ADRs issued against the Netherlands and Mexico were the most popular ADRs owned by U.S. investors on the benchmark survey date. Almost 60 percent of all Dutch equities, or $22.7 billion, and almost 65 percent of all Mexican equities, or $22.3 billion, owned by U.S. investors were in the form of ADRs. Together, these three countries represented 63.0 percent of all ADRs owned by U.S. investors on the benchmark survey date.

Other significant countries to which U.S. equity investment has been directed are France and Germany, about $25.6 billion each; Switzerland, $21.0 billion; Hong Kong, $17.5 billion; Australia, $16.9 billion; Italy and Spain, $13.8 billion each; and Sweden, $11.8 billion. The aggregated level of U.S. investment in equities issued by the Caribbean banking centers, as a group, was about $25.2 billion.

After the United Kingdom, the Netherlands, and Mexico, U.S. ownership of ADRs was fairly uniformly distributed across a number of countries. The most prominent of these countries are Spain, at $5.0 billion; Switzerland, at $4.4 billion; and Argentina, at $4.3 billion. Other top countries include Japan, at $3.6 billion; France, at $3.5 billion; Sweden, at $3.4 billion; South Africa, at $3.3 billion; Australia, at $2.9 billion; Germany, at $2.6 billion; and Hong Kong, at $2.5 billion. All in all, U.S. ownership of ADRs issued against companies in these thirteen countries constituted about 90 percent of all ADRs owned by U.S. investors. The percentage distribution of ADRs owned by U.S. investors by country of issuer is illustrated in figure 3.

Foreign Bonds

As of March 31, 1994, thirteen countries and the various international and regional organizations around the world accounted for over 85 percent of all U.S. portfolio investment in foreign bonds. Moreover, almost 85 percent of these securities were issued in one of the G-7 currencies.[15] The percentage distributions of U.S.-owned foreign bonds by country of issuer and by currency in which issued are shown in figures 4 and 5.

The most popular foreign long-term debt instruments owned by U.S. investors were issued by private and public entities in

Canada. U.S. ownership of all types of long-term Canadian debt reached about $68.5 billion on March 31, 1994. The second most popular foreign long-term debt securities owned by U.S. investors are Japanese. U.S. ownership of Japanese long-term debt securities on March 31, 1994 was $31.8 billion. Together, U.S. ownership of Canadian and Japanese long-term debt instruments represented 33.1 percent of all foreign bonds owned by U.S. investors on the benchmark survey date.

Following Canada and Japan, the next five most significant countries in which U.S. investors own foreign bonds are Germany, the United Kingdom, Italy, Mexico, and France. U.S. ownership of all types of German long-term debt securities reached $22.1 billion as of March 31, 1994; the corresponding levels of U.S. portfolio investment in long-term debt instruments issued by private and public entities in the United Kingdom and Italy were $19.8 billion and $17.8 billion, respectively; and about $16.8 billion each in Mexican and French bonds. All in all, 63.8 percent of all U.S. portfolio investment in foreign long-term debt securities was concentrated in the non-U.S. G-7 countries and Mexico. [16]

The remaining significant countries to which U.S. long-term debt investment has been directed are Spain, $10.8 billion; Sweden, about $10.2 billion; Australia, $9.7 billion; the Netherlands, $9.5 billion; Argentina, $8.7 billion; and Denmark, $8.1 billion. The aggregated level of U.S. investment in long-term debt instruments issued by international and regional organizations around the world, as a group, was about $9.7 billion.

With respect to the currency composition of U.S.-owned foreign bonds, almost fifty percent of all foreign long-term debt securities owned by U.S. investors on the benchmark survey date, or $145.3 billion, was denominated in U.S. dollars. The second most significant foreign currency in which foreign bonds were held was the Japanese yen. On March 31, 1994, U.S. ownership of yen-denominated long-term debt was $30.5 billion. Together, U.S. dollar- and Japanese yen-denominated long-term debt constituted almost 60 percent of all foreign bonds owned by U.S. investors on the benchmark survey date.

The next two most significant currencies in which U.S. investors owned foreign bonds were the German mark and the Canadian dollar, at $22.0 billion and $20.7 billion, respectively. The other significant currencies were the Italian lira, at $13.7 billion; the British pound, at $13.0 billion; the French franc, at $11.8 billion; and the Spanish peseta, at $10.3 billion. All in all, 88 percent of all foreign long-term debt instruments owned by U.S. investors on the benchmark survey date was denominated in one of the G-7 currencies or the Spanish peseta.

IV. Policy Significance

As a result of the current survey, the Bureau of Economic Analysis (BEA) at the U.S. Department of Commerce is revising historical data on the U.S. ownership of foreign long-term securities and is incorporating these revisions in its year-end estimates of the nation's international investment position back to the mid 1980s. BEA is also using the survey results to amend its historical estimates of U.S. portfolio investment income from abroad, and therefore its estimates of the U.S. current account balance and national income over the same time period. These statistical revisions will appear in the July 1997 issue of the *Survey of Current Business.*

For the purposes of this report, the survey data are used to assess their impact on prevailing assumptions about 1993- and 1994 year-end levels of U.S. long-term portfolio investment abroad, and therefore U.S. international investment positions, abstracting from any price or exchange rate changes during 1994. Survey data are also examined to weigh their impact on estimated U.S. long-term portfolio investment income from abroad, and therefore the measured U.S. current account deficit and national income, in 1994. The results of this analysis follow.

U.S. International Investment Position

Using March 31, 1994 as a benchmark, subtracting net U.S. purchases of foreign bonds and equities during the first quarter of 1994 yields approximate estimates of the market values of U.S.-owned foreign bonds and equities at year-end 1993. Similarly, cumulating net U.S. purchases of foreign bonds and equities forward since the end of the first quarter of 1994 yields rough estimates of the year-end market values of U.S.-owned foreign bonds and equities for 1994.

The calibration of estimated market values of U.S.-owned foreign securities adds approximately $301.9 billion and $353.6 billion to the year-end estimated market values of U.S.-owned assets abroad in 1993 and 1994, respectively. [17] This suggests that year-end measures of U.S. international debtor positions for these two years would, on average, be $327.8 billion lower than previously estimated. [18] Revised year-end estimates of the market values of U.S.-owned foreign bonds and equities and the U.S. international investment position for 1993-1994 are shown in the table at the end of the report. [19]

U.S. Current Account Balance and National Income

At current market rates of return, [20] estimates of U.S. dividend income from the ownership of foreign equities would have been roughly eighty percent higher in 1994 than previously estimated, adding an estimated $6.0 billion to the level of national income in 1994. Correspondingly, U.S. interest income from the ownership of foreign bonds would have been close to twenty-five percent higher, adding an estimated $4.8 billion to the level of national income in 1994. This implies that the higher estimated values of U.S. investment income from abroad in 1994 would have lowered the estimated U.S. current account deficit and raised estimated national income by about $10.8 billion that year. [21]

V. Conclusion

The United States Treasury has a legal mandate for gathering and providing timely and reliable information on the nation's international financial position and on the flows of international portfolio investment Although data on international securities transactions between the United States and foreign countries are collected monthly, accurate estimates of the U.S. investment position require periodic benchmark surveys.

The last benchmark survey of U.S. ownership of foreign long-term securities was conducted over fifty years ago, in May 1943. The results of that survey revealed that an overwhelming 64.2 percent of all foreign stocks and bonds owned by U.S. investors were issued by Canadian firms and government institutions and that 68.9 percent of all U.S.-owned foreign bonds were denominated in U.S. dollars. [22]

It would be an understatement to say that the world and global financial markets, in particular, have been radically transformed since 1943. During the last ten years alone, worldwide financial market reforms and liberalization of national laws governing international capital flows, fostered by innovations in the telecommunications and computer industries, have resulted in the rapid growth and diversification of U.S. portfolio investment abroad.

By December 31, 1996, the level of United States portfolio investment in foreign long-term securities reached $1.1 trillion, compared to $3.7 billion on May 31, 1943. [23] Moreover, U.S. ownership of foreign securities became considerably more diversified both across countries and currencies since 1943. Based on current survey data, no single country accounted for a disproportionate share of total U.S. holdings of foreign securities. The largest concentrations of U.S. portfolio investment in foreign securities were in Japan, with 15.1 percent of total holdings; the United Kingdom, with 13.7 percent; and Canada, with 12.4 percent.

And, the currency composition of U.S.-owned foreign debt has also become more diversified since 1943. The percentage share of U.S. dollar-denominated foreign bonds owned by U.S. investors declined, to 47.9 percent by March 31, 1994; U.S. investors now hold foreign bonds that are denominated in a variety of foreign currencies. The most notable foreign currencies being: the Japanese yen, with 10.0 percent of total holdings; the deutschemark, with 7.2 percent; and the Canadian dollar, with 6.8 percent.

The survey results have also led to revised assumptions about historical measures of U.S. current account deficits and the nation's international debtor position. Using survey data to calibrate year-end market values of U.S.-owned foreign securities means that year-end measures of U.S. international debtor positions would, on average, be lower than previously estimated. And, at current market rates of return, estimates of U.S. portfolio investment income from the ownership of foreign bonds and equities would, on average, be higher; suggesting that, measured U.S. current account deficits would be lower than previously estimated. [24]

To continue to provide timely and reliable information on the level and composition of the nation's international financial position and on the flows of international portfolio investment, the Department of the Treasury is currently preparing its second benchmark survey of U.S. long-term portfolio investment abroad since May 1943. In addition to providing information that the current survey has provided, the second survey will provide the TIC reporting system with the necessary benchmark it needs to evaluate the accuracy and completeness of data it collects on the purchases and sales of foreign securities between U.S. and non-U.S. residents. That survey will measure U.S. ownership of foreign long-term securities as of December 31, 1997.

Endnotes

[1] Long-term securities have an original contractual maturity greater than one year, or as in the case of equities no stated maturity. On the other hand, short-term debt instruments are defined as investment vehicles having an original contractual maturity of one year or less.

[2] 1991 was the year the Department of the Treasury decided to secure a current benchmark of the market value of U.S.-owned foreign long-term securities. Since then, the market value of total transactions between U.S. and foreign residents in all long-term securities increased another 219.8 percent, to $12.4 trillion in 1996; the corresponding percentage increase in the market value of total transactions in *foreign* long-term securities alone increased another 343.4 percent, to $3.3 trillion.

[3] To obtain current market value estimates of U.S.-owned foreign long-term securities beyond the 1943 benchmark survey year, the Commerce Department's Bureau of Economic Analysis (BEA) adjusts cumulated net U.S. purchases of foreign long-term securities, as reported on a highly aggregated basis under the TIC reporting system, for changes in local currency prices and exchange rates. Over time, substantial errors in these estimates will almost certainly accumulate, especially since market valuation adjustments are based on movements in broad foreign stock and bond market exchange indices.

Moreover, geographic information that the TIC reporting system collects is based on the residence of the transactor, not the issuer of the foreign security; consequently, detailed information on the country — or industry of issuer, or currency in which a long-term debt security is issued, is not available.

[4] A supplementary survey of U.S. portfolio claims — principally in the form of deposits, loans, and miscellaneous financial assets — on foreigners as of March 31, 1994, the "Claims Survey" for short, was also conducted to accompany the current survey. The Claims Survey, which was conceived as part of Treasury's overall efforts to improve the completeness and accuracy of reported information on all international capital account transactions, identified $74.7 billion in net additional claims on foreigners that were not previously reported to the TIC reporting system as of the survey date. The results from the Claims Survey appeared in "Report on the Survey of Selected Foreign Financial Assets," *Treasury Bulletin*, March 1996, pp. 69-71.

[5] A final, more detailed discussion of the survey results will be published later this year.

[6] ADRs are issued to facilitate trading in foreign securities; they are negotiable certificates issued by depositaries in the United States, representing an ownership interest in a specified number of foreign equity shares.

[7] For the purposes of this survey, central securities depositories were not regarded as custodians.

[8] To avoid double-reporting of information, institutional investors who owned $5 million or more in foreign long-term securities on March 31, 1994 but employed U.S. fund managers to manage their investments in these securities simply identified them without reporting any information on their holdings.

[9] To avoid double reporting of foreign securities, depositary institutions were instructed not to report on their holdings of any securities underlying depositary receipt programs.

[10] This is not entirely surprising. Based on extensive research into the organization of the market for global custody, it was expected that as much as eighty to ninety percent of the required data for the successful execution of the proposed survey would be reported by global custodians located in the United States. Reportedly, more than 90 percent of all global custody arrangements on behalf of U.S. investors are made through U.S. global custodians; it is rather uncommon for U.S. investors to contract directly with foreign global custodians for the safekeeping of their foreign securities.

There are several reasons for this. First, there are significant economies of scale in global custody operations; consequently, it is more economical for institutional as well as private investors to entrust their foreign long-term securities to global custodians for safekeeping. Second, technological innovations in the telecommunications and computer industries, originating in the United States during the last twenty years, have given U.S. global custodians a competitive edge in the global custody market.

[11] Global custodians are responsible for administering the safekeeping of their clients' international portfolio investments via an extensive network of subcustodians — foreign subsidiaries and affiliates, correspondent agent banks, and central securities depositories — around the world. These subcustodians, in turn, manage the actual safekeeping of the foreign securities — on behalf of global custodians — in the various local markets.

[12] The sum of the market values of foreign bonds and equities is slightly less than the total market value of all foreign long-term securities due to rounding.

[13] Composite securities are two or more securities that are packaged and traded together as a composite unit, such as an ordinary bond cum warrant.

[14] The United Kingdom includes the Channel Islands (principally Guernsey and Jersey) and the Isle of Man.

[15] The G-7 currencies include the Canadian dollar, the French franc, the German mark, the Italian lira, the Japanese yen, the British pound, and the U.S. dollar.

[16] The non-U.S. G-7 countries include Canada, France, Germany, Italy, Japan, and the United Kingdom.

[17] The estimates of $301.9 billion and $353.6 billion are obtained by subtracting BEA's published estimates for year-end market values of U.S.-owned assets abroad in 1993 and 1994, $550.6 billion and $556.2 billion, from estimated year-end market values of U.S.-owned foreign securities derived from the current survey, $852.5 billion and $909.8 billion, respectively. The estimate of $852.5 billion is derived by subtracting net U.S. purchases of

foreign securities during the first quarter of 1994 from $870.3 billion, the market value of U.S.-owned foreign securities on March 31, 1994. The estimate of $909.8 billion is derived by adding net U.S. purchases of foreign securities during the second, third, and fourth quarters of 1994 to $870.3 billion. BEA's estimates were published in the July 1996 issue of the *Survey of Current Business*.

[18] The amount by which year-end estimated market values of U.S.-owned foreign assets would increase and measures of U.S. international debtor positions decrease could be over- or understated, since the calibration of estimated year-end market values of U.S.-owned foreign bonds and equities abstracts from any price or exchange rate changes during 1994.

[19] Estimates of the United States international investment position do not take into account any other data improvements or revisions BEA plans to make.

[20] The assumed 1994 global market rates of return for U.S. portfolio investment in foreign equities and bonds are 2.45 percent and 8.45 percent, respectively. These average market rates of return were applied to 1993 year-end U.S. holdings of foreign bonds and equities to obtain estimates of U.S. portfolio investment income in 1994.

[21] The amount by which estimated U.S. portfolio investment income from abroad would increase in 1994, the U.S. current account deficit decrease, and national income increase could be over- or understated, since the calibration of estimated 1993 year-end market values of U.S.-owned foreign bonds and equities abstracts from any price or exchange rate changes during the first quarter of 1994.

[22] United States Department of the Treasury, *Census of American-Owned Assets in Foreign Countries*, United States Government Printing Office, Washington: 1947, pp. 80-81 and 83.

[23] The estimate of $1.1 trillion results from adding cumulated net U.S. purchases of foreign securities since the benchmark survey date to $870.3 billion, the market value of U.S.-owned foreign securities on March 31, 1994, without adjusting for any price or exchange rate changes since then.

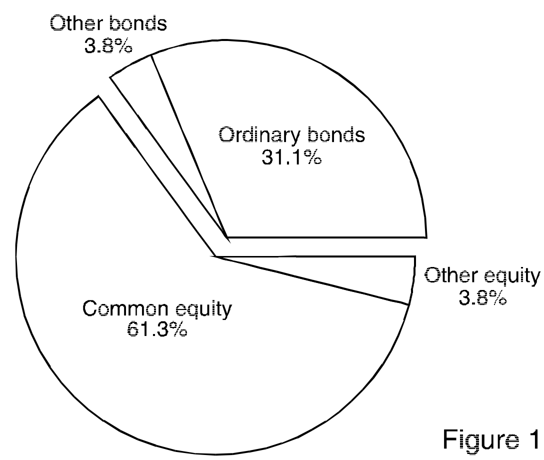
[24] Since investment income is a component of national income, measured national income would also be somewhat higher.

U.S. Ownership of Foreign Securities and International Investment Position at Year-End, 1993-1994

(In billions of dollars.)

Year-End	Foreign bonds	Foreign equities	All foreign securities	U.S. international investment position
1993	305.1	547.4	825.5	-110.6
1994	314.3	595.5	909.8	-138.9

Figure 1: U.S. Ownership of Foreign Securities Percentage Distribution by Security Class as of March 31, 1994



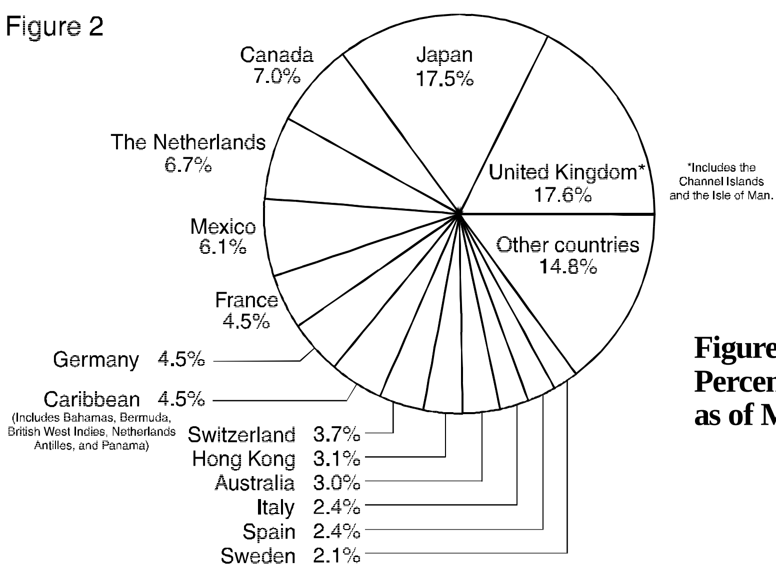


Figure 2: U.S. Ownership of Foreign Equities Percentage Distribution by Country as of March 31, 1994

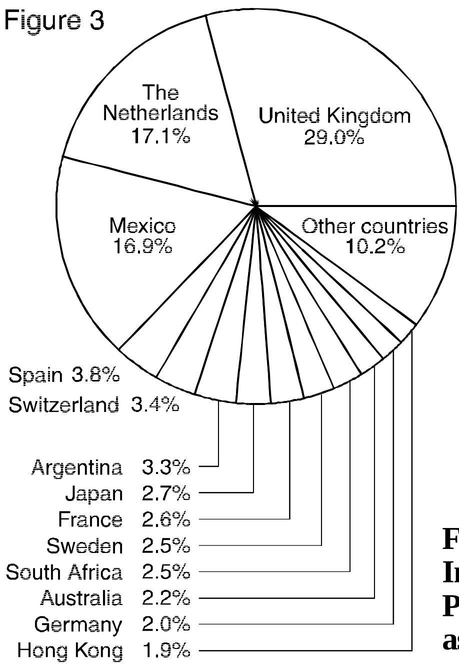


Figure 3: U.S. Portfolio Investment in ADR Programs Percentage Distribution by Country as of March 31, 1994

Figure 4: U.S. Ownership of Foreign Bonds Percentage Distribution by Country as of March 31, 1994

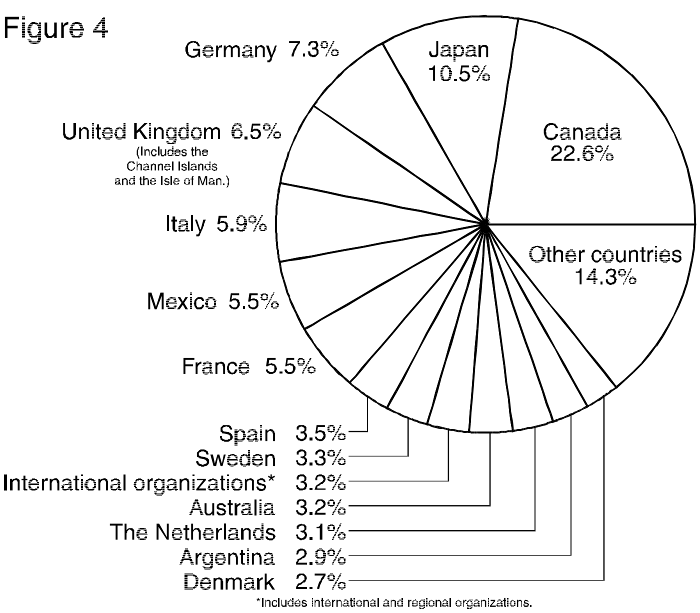


Figure 5: U.S. Ownership of Foreign Bonds Percentage Distribution by Currency as of March 31, 1994